

N°374  
JULY  
2021

# MONTHLY BULLETIN

AGENCE FRANCE TRÉSOR IS TASKED WITH MANAGING THE GOVERNMENT DEBT AND CASH POSITIONS UNDER THE MOST SECURE CONDITIONS IN THE INTEREST OF THE TAXPAYER.

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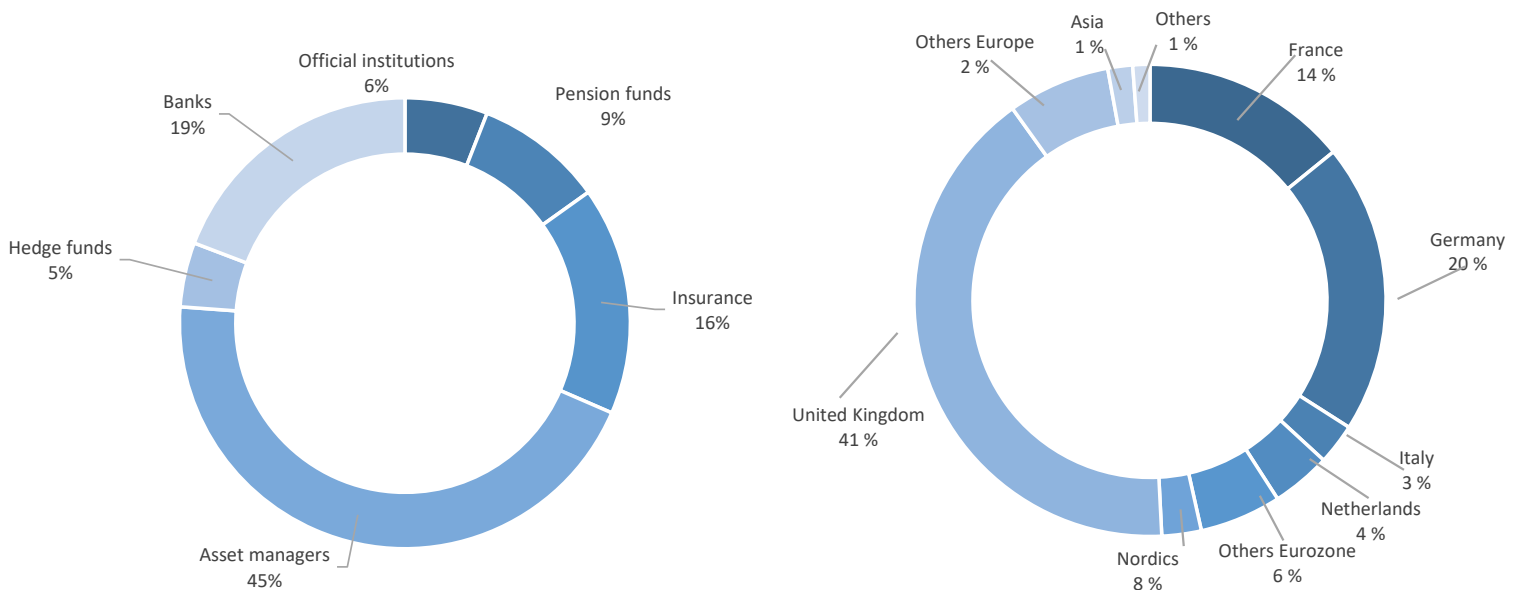
News at Agence  
France Trésor

## FOLLOWING THE SYNDICATED LAUNCH OF THE OAT 2053 IN JULY, OATS NOW ACCOUNT FOR MORE THAN HALF OF EURO-DENOMINATED SOVEREIGN DEBT WITH RESIDUAL MATURITY OF MORE THAN 30 YEARS

On 6 July, AFT launched the OAT 0.75% 25 May 2053. Total demand for the syndicated launch reached nearly €30bn, of which €5bn were allocated to investors.

AFT issued this bond under very stable market conditions and good security conditions. The strength of total demand and the diversity of interests received helped to narrow the issuance spread by 2 basis points during the book building process and made it possible to complete the transaction promptly.

More than 200 investors took part in the transaction. With three quarters of the volume allocated to long term investors, the allocation testifies to the quality of the order book built on a diversified investor base both in terms of geographical distribution and investor typology (see charts).



The yield at issuance for the OAT 0.75% 25 May 2053 was set at 0.918%, 3 basis points higher than the yield at the time of issuance on the OAT 0.75% 25 May 2052. This yield should be compared to the yields at issuance of the previous 30-year benchmark bonds, 0.727% on 28 January 2020 for the OAT 0.75% 25 May 2052 and 1.609% on 19 February 2019 for the OAT 1.50% 25 May 2050.

The lead managers for this operation were Barclays, BNP Paribas, BofA Securities, Crédit Agricole CIB, and Nomura. All the primary dealers were part of the syndicate.

Following this syndication and the July auctions, AFT's total gross OAT issuance (excluding buybacks) reaches to €198.310bn. This brings AFT's medium- and long-term debt issuance net of buybacks in the first seven months of 2021 to €185.767bn<sup>1</sup>. The completion rate for the €260bn borrowing programme in 2021 stands at 71.4%, compared to 70.0% for the same period in 2020. France's average cost of medium- and long-term borrowing in the first seven months of the year was -0,03%.

With this syndicated deal and the launch of the OAT 0.50% 25 May 2072 in January, France has reasserted its role as the Eurozone's main issuer of very long benchmark bonds. Thus, OATs account for 52% of the €181bn of euro-denominated sovereign debt with maturities of more than 30 years. France's issuance of such bonds stands at €27.4bn since the beginning of 2021, compared to €26.3bn for the whole of 2020.

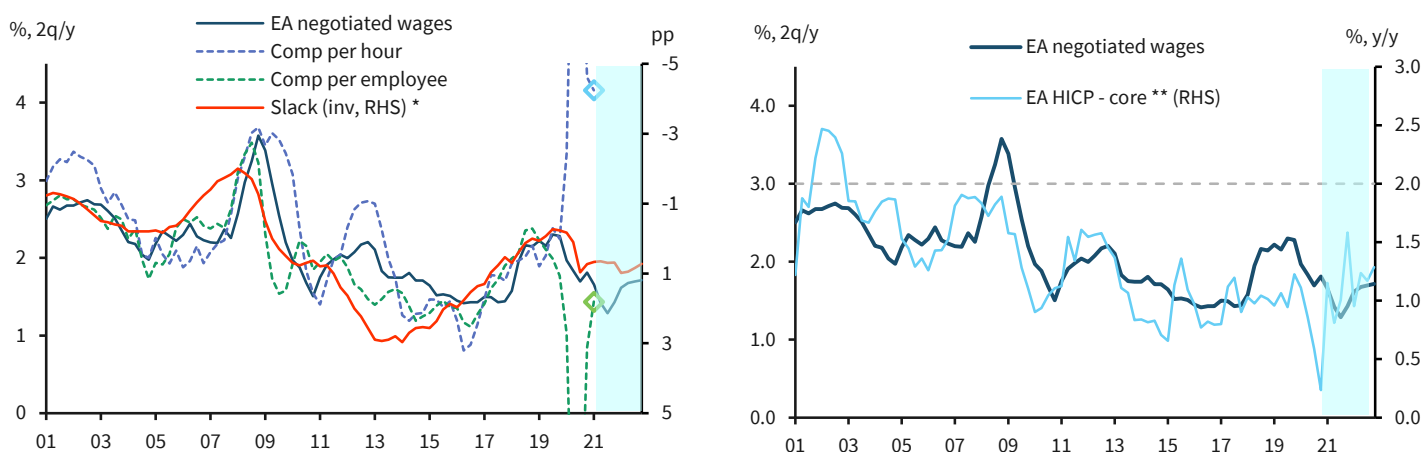
<sup>1</sup> Issuance as of the end of July and buybacks as of the end of June since the buyback figures are published with a one-month lag.

After briefly falling into negative territory in 2020, euro area (EA) consumer price inflation should rebound forcefully in 2021 supported by underlying supply- and demand-side price pressures, as well as base effects and rising commodity prices. However, the inflation outlook for 2022 looks less inspiring: we expect subdued near-term wage pressures to persist well into 2022 aided by substantial labour market slack becoming apparent once short-time work schemes are unwound. Soft wage pressures will contribute to EA HICP inflation falling from c.3% by year-end back below 1.5% by mid-2022, according to our forecasts.

To inform our view on wage and price pressures in 2021-22, we consider the recent dynamics of EA negotiated wage growth, which typically correlates well with both core EA inflation and also with more conventional labour cost measures, distorted by a sharp drop in hours worked since the start of the pandemic. The growth in negotiated wages has responded to the COVID crisis with a substantial lag, being supported in 2020 by pre-pandemic collective bargaining agreements. However, in Q1 21 negotiated wage growth plunged with wage negotiations, in particular, Germany's IG Metall agreement, delivering relatively small and delayed wage increases. Also, on the corporate side, anecdotal evidence shows firms are facing no immediate pressure to raise wages due to the soft labour market and rising non-labour costs.

In this environment, the moderation in EA negotiated wages growth in early-2021 points to soft wage pressures in the next 6-12 months, which should support an eventual stabilization of consumer price inflation once the reopening price boost fades and technical distortions from the 2020 German VAT cut and 2021 HICP basket weight changes subside. Furthermore, labour market scarring will likely only emerge in early-2022 once short-term work schemes expire and government support for the corporate sector is scaled back. While we anticipate a deterioration neither sharp nor persistent in the EA labour market post-COVID, delays in the EA labour market recovery are likely -- with EA wage growth under pressure until at least H2 22.

On the upside, we expect a strong post-COVID recovery accompanied by robust new job creation, a pick-up in labour productivity and rising inflation expectations to eventually start supporting an acceleration in EA wage growth and gradual strengthening of underlying inflation pressures. A positive impact from productivity enhancing investment to be delivered via the NGEU in 2021-26, coupled with a government effort to reduce income inequality via rising public sector wages and minimum wages, should also support wage growth in the euro area over the medium term. However, a cyclical recovery in EA wage growth will come against the backdrop of soft trend wage growth, pulled by adverse long-term structural forces (ie. digitalisation and globalisation), which we expect to still prevail post-COVID.



\* Slack: EA unemployment rate minus non-accelerating wages rate of unemployment (EC)

\*\* Core: HICP ex food, alcohol, tobacco, energy

Sources: Eurostat, Haver Analytics, Barclays Research forecasts Q2 21 – Q4 22

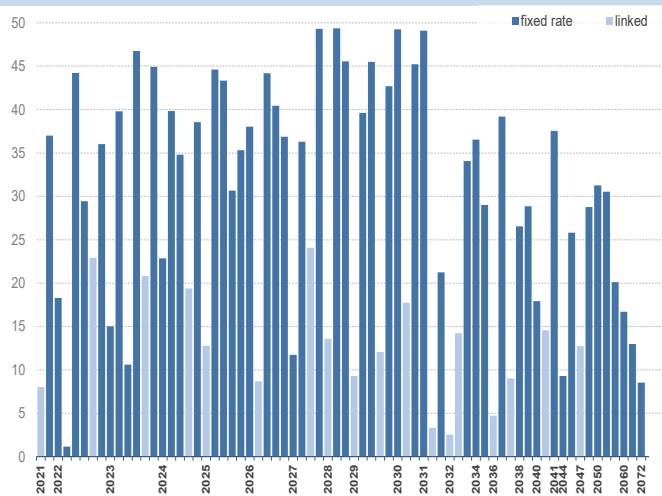
INDICATIVE AUCTION SCHEDULE

		Short-term					Medium-term	Long-term	Index-linked
August 2021	auction date	2	9	16	23	30	19	5	19
	settlement date	4	11	18	25	01/09	23	9	23
September 2021	auction date	6	13	20	27	/	16	2	16
	settlement date	8	15	22	29	/	20	6	20

Source: Agence France Trésor

MEDIUM- AND LONG-TERM NEGOTIABLE GOVERNMENT DEBT AT 30 JUNE 2021

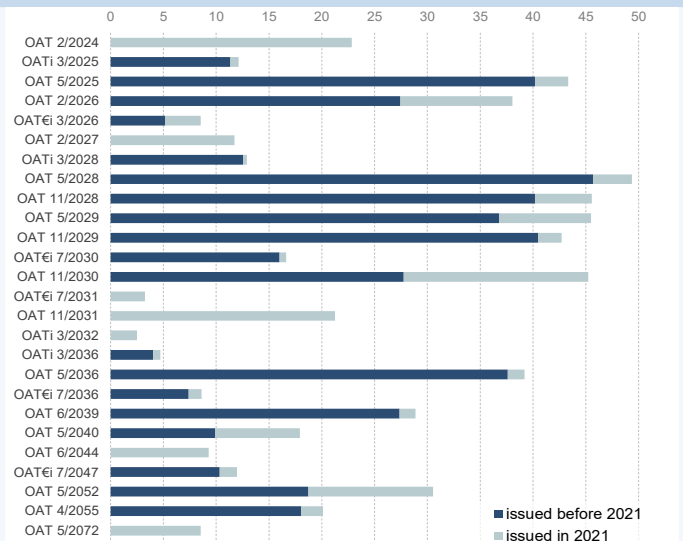
NOMINAL VALUE OF EACH LINE, IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: SECURITIES ISSUED DURING THE YEAR AND TOTAL ISSUANCE AT 30 JUNE 2021

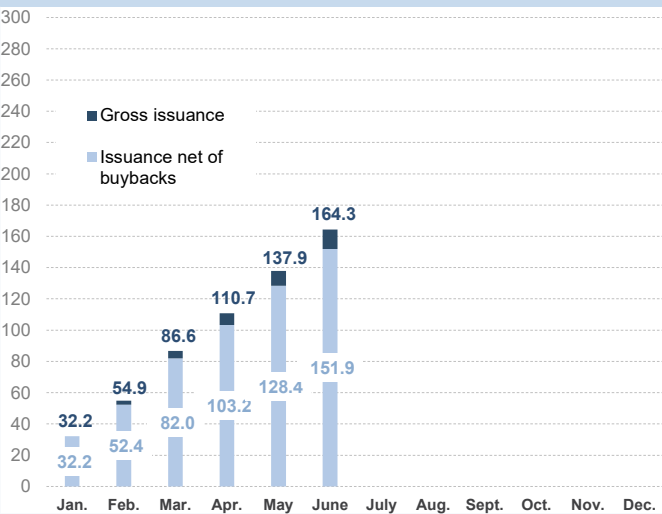
IN € BILLION



Source: Agence France Trésor

ISSUANCE AT 30 JUNE 2021

IN € BILLION



Source: Agence France Trésor

MEDIUM- AND LONG-TERM: PROVISIONAL MATURITY SCHEDULE AT 30 JUNE 2021

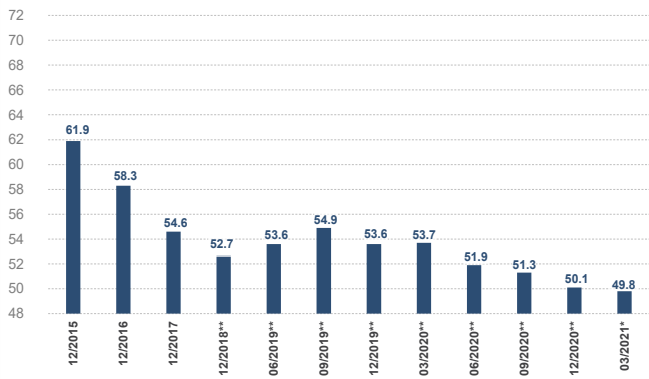
IN € BILLION

Month	Coupon	Redemption
Jul-21	2.5	8.0
Aug-21		
Sep-21		
Oct-21	10.1	37.0
Nov-21	1.5	
Dec-21		
Jan-22		
Feb-22		18.3
Mar-22	0.1	
Apr-22	10.6	45.4
May-22	8.4	29.4
Jun-22	0.6	

Source: Agence France Trésor

## NON-RESIDENT HOLDERS OF NEGOTIABLE GOVERNMENT DEBT IN FIRST QUARTER OF 2021

AS A % OF NEGOTIABLE DEBT OUTSTANDING  
EXPRESSED IN MARKET VALUE



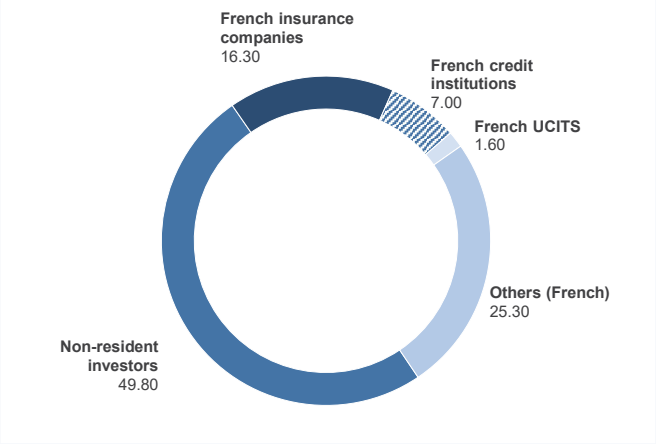
(\* ) figures quarterly revised

(\*\* ) figures annually revised

Source: Banque de France

## NEGOTIABLE GOVERNMENT DEBT BY GROUP OF HOLDERS IN FIRST QUARTER OF 2021

STRUCTURE IN % EXPRESSED IN MARKET VALUE



Source: Banque de France

## NEGOTIABLE GOVERNMENT DEBT AT 30 JUNE 2021

IN EUROS

<b>Total medium- and long-term debt</b>	<b>1,921,823,752,204</b>
Total stripping activity	58,185,371,200
Average maturity	9 years and 68 days
<b>Total short-term debt</b>	<b>162,580,000,000</b>
Average maturity	130 days
<b>Total outstanding</b>	<b>2,084,403,752,204</b>
<b>Average maturity</b>	<b>8 years and 181 days</b>

Source: Agence France Trésor

## NEGOTIABLE GOVERNMENT DEBT SINCE 2018 AT 30 JUNE 2021

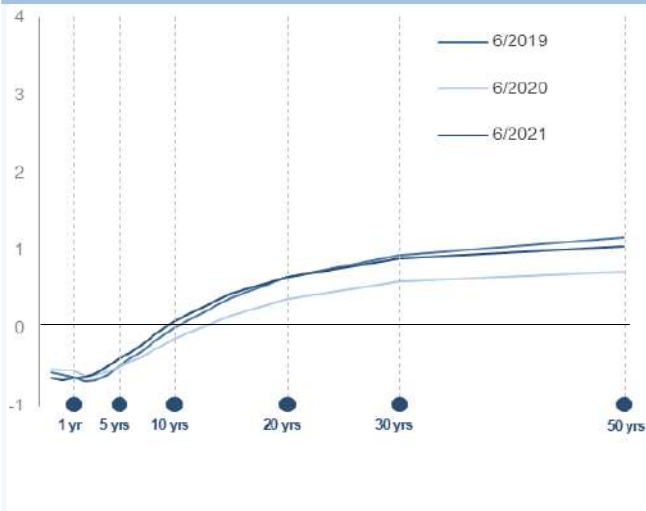
IN € BILLION

	End 2018	End 2019	End 2020	End May 2021	End June 2021
<b>Negotiable government debt outstanding</b>	<b>1,756</b>	<b>1,823</b>	<b>2,001</b>	<b>2,057</b>	<b>2,084</b>
<i>of which index-linked securities</i>	<i>220</i>	<i>226</i>	<i>220</i>	<i>227</i>	<i>230</i>
<b>Medium- and long-term</b>	<b>1,644</b>	<b>1,716</b>	<b>1,839</b>	<b>1,897</b>	<b>1,922</b>
<b>Short-term</b>	<b>113</b>	<b>107</b>	<b>162</b>	<b>160</b>	<b>163</b>
<b>Average maturity of the negotiable debt</b>	<b>7 years</b>	<b>8 years</b>	<b>8 years</b>	<b>8 years</b>	<b>8 years</b>
	336 days	63 days	73 days	182 days	181 days

Source: Agence France Trésor

### YIELD CURVE FOR FRENCH GOVERNMENT SECURITIES

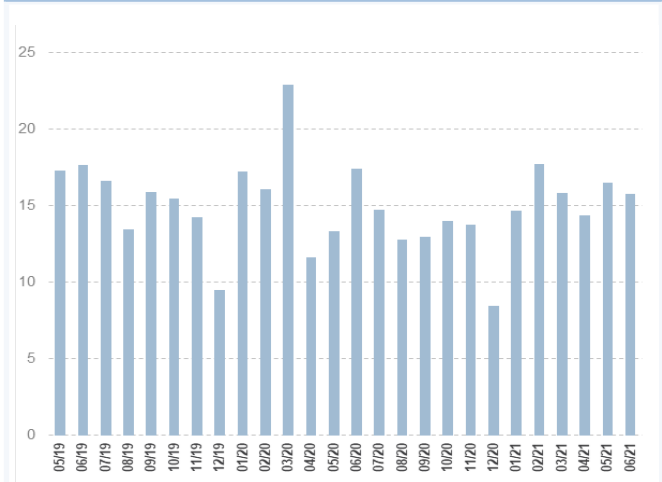
END-OF-MONTH VALUE, %



Source: Bloomberg

### AVERAGE DAILY VOLUME OF MEDIUM- AND LONG-TERM TRANSACTIONS

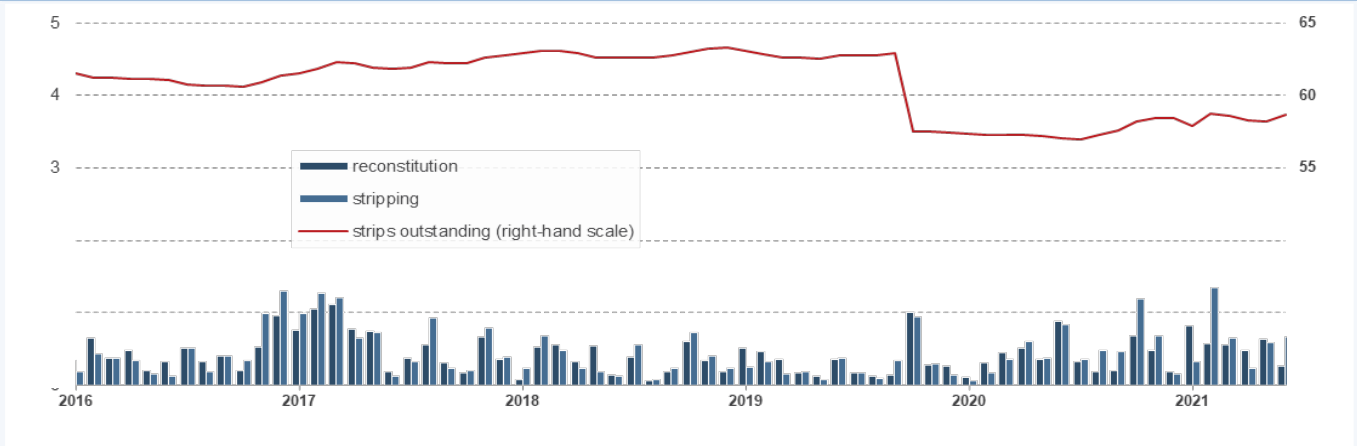
IN € BILLION



Source: reporting by primary dealers in government securities, excluding flows arising from the Eurosystem public sector purchase programme

### TOTAL STRIPPING AND RECONSTITUTION

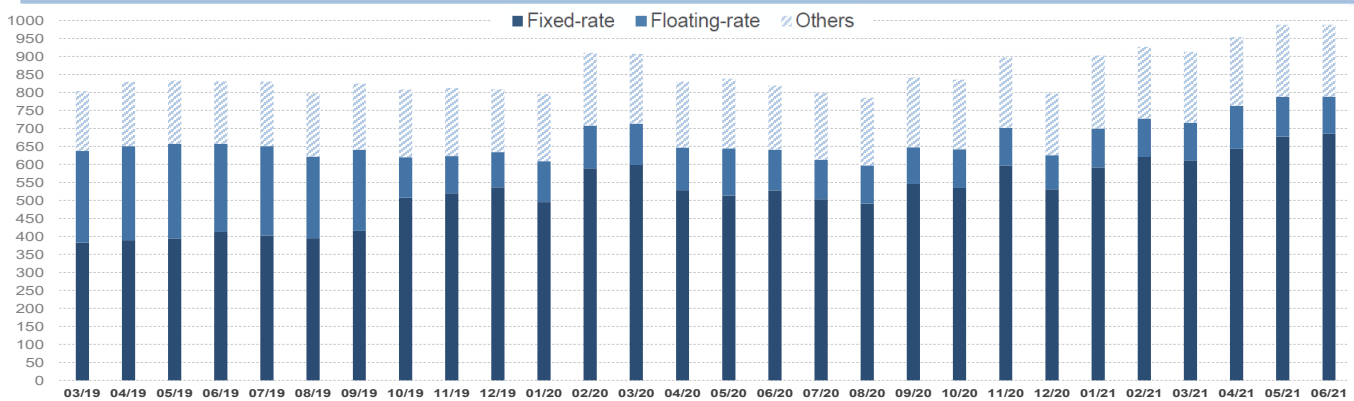
IN € BILLION



Source: Euroclear

### PRIMARY DEALERS, CUMULATED REPO OUTSTANDING AT END OF MONTH

IN € BILLION



Source: reporting by primary dealers in government securities



**SHORT-TERM DEBT AT 30 JUNE 2021**

ISIN Code	Maturity	Outstanding(€)
FR0126750688	BTF 7 July 2021	5 090 000 000
FR0126310285	BTF 14 July 2021	7 449 000 000
FR0126750696	BTF 21 July 2021	5 692 000 000
FR0126461799	BTF 28 July 2021	6 068 000 000
FR0126750704	BTF 4 August 2021	5 446 000 000
FR0126310293	BTF 11 August 2021	6 688 000 000
FR0126750712	BTF 18 August 2021	5 226 000 000
FR0126461807	BTF 25 August 2021	5 982 000 000
FR0126750720	BTF 1 September 2021	5 494 000 000
FR0126310301	BTF 8 September 2021	8 685 000 000
FR0126750738	BTF 15 September 2021	5 897 000 000
FR0126750746	BTF 22 September 2021	6 982 000 000
FR0126750753	BTF 29 September 2021	2 595 000 000
FR0126461682	BTF 6 October 2021	7 109 000 000
FR0126750761	BTF 20 October 2021	7 763 000 000
FR0126461690	BTF 4 November 2021	8 605 000 000
FR0126750779	BTF 17 November 2021	6 877 000 000
FR0126461708	BTF 1 December 2021	4 874 000 000
FR0126461815	BTF 15 December 2021	6 758 000 000
FR0126461823	BTF 26 January 2022	7 193 000 000
FR0126461831	BTF 23 February 2022	7 126 000 000
FR0126461849	BTF 23 March 2022	8 099 000 000
FR0126750787	BTF 21 April 2022	8 328 000 000
FR0126750795	BTF 18 May 2022	9 057 000 000
FR0126750803	BTF 15 June 2022	3 497 000 000

**MEDIUM- AND LONG-TERM DEBT (MATURING 2021-2024) AT 30 JUNE 2021**

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
<b>Maturity 2021</b>		<b>45 001 944 250</b>				
FR0011347046	OATi 0.10% 25 July 2021	8 010 944 250 (1)	1.06035	7 555 000 000	0	
FR0011059088	OAT 3.25% 25 October 2021	36 991 000 000			0	
<b>Maturity 2022</b>		<b>152 035 971 160</b>				
FR0013398583	OAT 0.00% 25 February 2022	18 291 000 000			0	×
FR0000571044	OAT 8.25% 25 April 2022	1 168 939 990			0	
FR0011196856	OAT 3.00% 25 April 2022	44 208 000 000			121 509 300	
FR0013219177	OAT 0.00% 25 May 2022	29 433 000 000			0	×
FR0010899765	OAT€i 1.10% 25 July 2022	22 928 031 170 (1)	1.15489	19 853 000 000	0	
FR0011337880	OAT 2.25% 25 October 2022	36 007 000 000			0	
<b>Maturity 2023</b>		<b>177 923 217 663</b>				
FR0013479102	OAT 0.00% 25 February 2023	15 020 000 000			0	×
FR0013283686	OAT 0.00% 25 March 2023	39 815 000 000			0	×
FR0000571085	OAT 8.50% 25 April 2023	10 606 195 903			5 321 365 200	
FR0011486067	OAT 1.75% 25 May 2023	46 748 000 000			0	×
FR0010585901	OATi 2.10% 25 July 2023	20 816 021 760 (1)	1.15337	18 048 000 000	0	
FR0010466938	OAT 4.25% 25 October 2023	44 918 000 000			453 985 000	
<b>Maturity 2024</b>		<b>155 416 577 690</b>				
FR0014001N46	OAT 0.00% 25 February 2024	22 852 000 000			0	×
FR0013344751	OAT 0.00% 25 March 2024	39 839 000 000			0	×
FR0011619436	OAT 2.25% 25 May 2024	34 810 000 000			0	×
FR0011427848	OAT€i 0.25% 25 July 2024	19 379 577 690 (1)	1.08151	17 919 000 000	0	×
FR0011962398	OAT 1.75% 25 November 2024	38 536 000 000			42 000 000	×

(1) face value x indexation coefficient (face value if coefficient < 1)

\* Like all euro area bonds, the bonds issued after 1 March 2013 have collective action clauses (CACs), which means that they are not fungible with bonds issued prior to this date.

**MEDIUM- AND LONG-TERM DEBT (MATURING IN 2025 AND BEYOND) AT 30 JUNE 2021**

ISIN Code	Bond	Outstanding(€)	Ind. Coeff.	Face value(€)	Stripped(€)	CAC*
<b>Maturity 2025</b>		<b>166 674 607 518</b>				
FR0012558310	OATi 0.10% 1 March 2025	12 760 679 400 (1)	1,05130	12 138 000 000	0	x
FR0013415627	OAT 0.00% 25 March 2025	44 618 000 000			0	x
FR0012517027	OAT 0.50% 25 May 2025	43 331 000 000			0	x
FR0000571150	OAT 6.00% 25 October 2025	30 653 928 118			2 814 064 400	
FR0012938116	OAT 1.00% 25 November 2025	35 311 000 000			0	x
<b>Maturity 2026</b>		<b>168 234 228 200</b>				
FR0013508470	OAT 0.00% 25 February 2026	38 047 000 000			0	x
FR0013519253	OAT€i 0.10% 1 March 2026	8 673 228 200 (1)	1,01465	8 548 000 000	0	x
FR0010916924	OAT 3.50% 25 April 2026	44 202 000 000			0	
FR0013131877	OAT 0.50% 25 May 2026	40 437 000 000			0	x
FR0013200813	OAT 0.25% 25 November 2026	36 875 000 000			0	x
<b>Maturity 2027</b>		<b>121 433 407 600</b>				
FR0014003513	OAT 0.00% 25 February 2027	11 741 000 000			0	x
FR0013250560	OAT 1.00% 25 May 2027	36 296 000 000			0	x
FR0011008705	OAT€i 1.85% 25 July 2027	24 082 407 600 (1)	1,13811	21 160 000 000	0	
FR0011317783	OAT 2.75% 25 October 2027	49 314 000 000			57 743 600	
<b>Maturity 2028</b>		<b>108 527 058 137</b>				
FR0013238268	OATi 0.10% 1 March 2028	13 551 660 480 (1)	1,04954	12 912 000 000	0	x
FR0000571226	OAT zero coupon 28 March 2028	31 397 657 (2)		46 232 603	-	
FR0013286192	OAT 0.75% 25 May 2028	49 380 000 000			0	x
FR0013341682	OAT 0.75% 25 November 2028	45 564 000 000			0	x
<b>Maturity 2029</b>		<b>149 179 880 656</b>				
FR0013410552	OAT€i 0.10% 1 March 2029	9 292 913 610 (1)	1,02469	9 069 000 000	0	x
FR0000571218	OAT 5.50% 25 April 2029	39 618 880 458			2 273 946 100	
FR0013407236	OAT 0.50% 25 May 2029	45 491 000 000			0	x
FR0000186413	OATi 3.40% 25 July 2029	12 077 086 588 (1)	1,31485	9 185 144 000	0	
FR0013451507	OAT 0.00% 25 November 2029	42 700 000 000			0	x
<b>Maturity 2030</b>		<b>112 194 204 930</b>				
FR0011883966	OAT 2.50% 25 May 2030	49 233 000 000			0	x
FR0011982776	OAT€i 0.70% 25 July 2030	17 736 204 930 (1)	1,06761	16 613 000 000	0	x
FR0013516549	OAT 0.00% 25 November 2030	45 225 000 000			0	x
<b>Maturity 2031</b>		<b>73 679 990 740</b>				
FR0012993103	OAT 1.50% 25 May 2031	49 107 000 000			58 900 000	x
FR0014001N38	OAT€i 0.10% 25 July 2031	3 319 990 740 (1)	1,01622	3 267 000 000	0	x
FR0014002WK3	OAT 0.00% 25 November 2031	21 253 000 000			0	x
<b>Maturity in 2032 and beyond</b>		<b>983 045 327 320</b>				
FR0014003N51	OATi 0.10% 1 March 2032	2 518 748 870 (1)	1,00871	2 497 000 000	0	x
FR0000188799	OAT€i 3.15% 25 July 2032	14 236 992 640 (1)	1,31629	10 816 000 000	0	
FR0000187635	OAT 5.75% 25 October 2032	34 059 322 600			10 660 757 400	
FR0013313582	OAT 1.25% 25 May 2034	36 541 000 000			0	x
FR0010070060	OAT 4.75% 25 April 2035	29 004 000 000			3 395 737 000	
FR0013524014	OATi 0.10% 1 March 2036	4 737 365 100 (1)	1,00581	4 710 000 000	0	x
FR0013154044	OAT 1.25% 25 May 2036	39 188 000 000			3 100 000	x
FR0013327491	OAT€i 0.10% 25 July 2036	9 031 668 750 (1)	1,04715	8 625 000 000	0	x
FR0010371401	OAT 4.00% 25 October 2038	26 534 000 000			4 685 841 400	
FR0013234333	OAT 1.75% 25 June 2039	28 874 000 000			0	x
FR0013515806	OAT 0.50% 25 May 2040	17 929 000 000			0	x
FR0010447367	OAT€i 1.80% 25 July 2040	14 566 977 100 (1)	1,21930	11 947 000 000	0	
FR0010773192	OAT 4.50% 25 April 2041	37 558 000 000			5 448 899 000	
FR0014002JM6	OAT 0.50% 25 June 2044	9 280 000 000			0	x
FR0011461037	OAT 3.25% 25 May 2045	25 824 000 000			765 510 000	x
FR0013209871	OAT€i 0.10% 25 July 2047	12 729 588 600 (1)	1,06257	11 980 000 000	0	x
FR0013257524	OAT 2.00% 25 May 2048	28 759 000 000			648 900 000	x
FR0013404969	OAT 1.50% 25 May 2050	31 274 000 000			148 300 000	x
FR0013480613	OAT 0.75% 25 May 2052	30 529 000 000			399 100 000	x
FR0010171975	OAT 4.00% 25 April 2055	20 118 000 000			11 420 218 000	
FR0010870956	OAT 4.00% 25 April 2060	16 696 000 000			8 729 904 100	
FR0013154028	OAT 1.75% 25 May 2066	12 997 000 000			1 224 200 000	x
FR0014001NN8	OAT 0.50% 25 May 2072	8 537 000 000			30 400 000	x

(1) Face value x indexation coefficient (face value if coefficient < 1)

(2) Revised on 28 March 2021; not open to subscription

\* Like all euro area bonds, the bonds issued after 1 March 2013 have collective action clauses (CACs), which means that they are not fungible with bonds issued prior to this date.

### MOST RECENT ECONOMIC INDICATORS

Industrial output, year-on-year	25.1%	May. 2021
Household consumption*, year-on-year	-2.7%	Jun. 2021
Unemployment rate (ILO)	8.1%	Q1-2021
Consumer prices, year-on-year		
• all items	1.5%	Jun. 2021
• all items excluding tobacco	1.5%	Jun. 2021
Trade balance, fob-fob, sa (€bn)	-€6.8bn	May. 2021
" "	-€6.3bn	Apr. 2021
Current account balance, sa (€bn)	-€2.3bn	May. 2021
" "	-€2.0bn	Apr. 2021
10-year constant maturity rate (TEC10)	-0.13%	30 Jul. 2021
3-month interest rate (Euribor)	-0.55%	30 Jul. 2021
EUR / USD	1.19	30 Jul. 2021
EUR / JPY	130.28	30 Jul. 2021

\* manufactured products

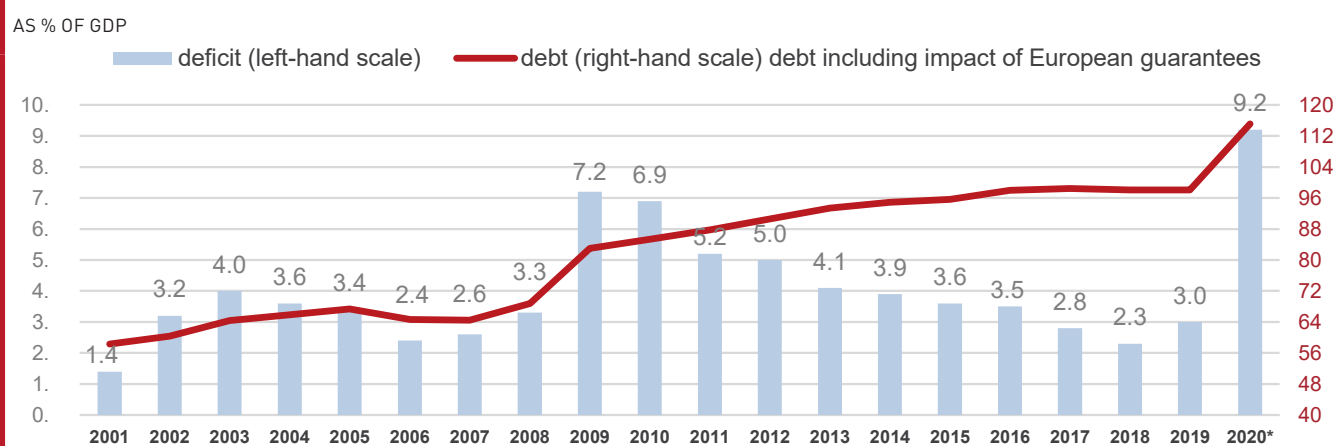
Sources: Insee, Minefi, Banque de France

### MONTHLY GOVERNMENT BUDGET POSITION

	2019		end of May level		
	2019	2020	2019	2020	2021
<b>General budget balance</b>	-96.91	-172.68	-61.40	-90.35	-100.94
Revenue	301.07	282.69	109.77	99.56	110.98
Expenditure	397.98	455.37	171.17	189.91	211.92
Balance of special Treasury accounts	4.06	-5.42	-22.50	-27.50	-17.85
<b>General budget outturn</b>	-92.69	-178.10	-83.90	-117.85	-118.79

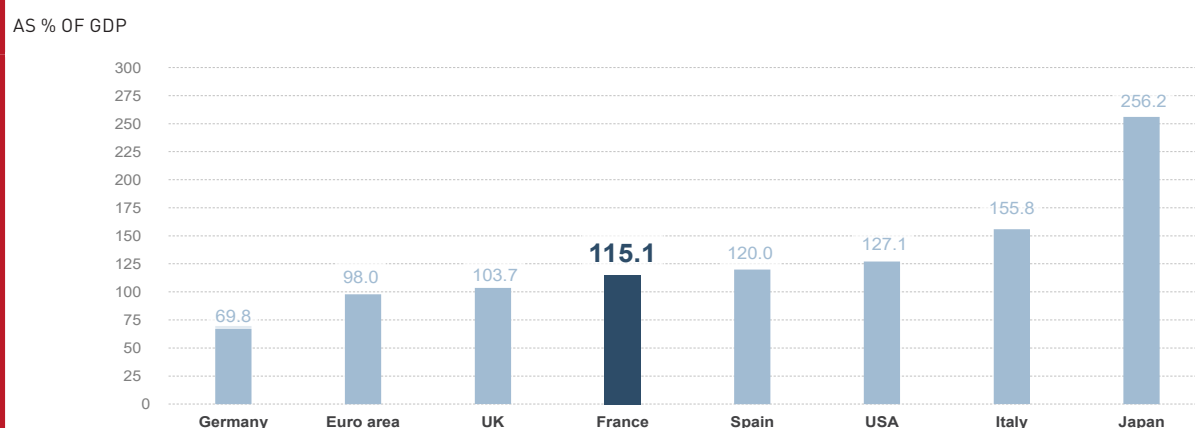
Source: Ministry of the Economy, Finance and the Recovery

### PUBLIC FINANCES: DEFICIT AND DEBT



Source: Insee

### GENERAL GOVERNMENT DEBT IN 2020



Sources: Eurostat, IMF, Insee



AUGUST 2021 

<b>5</b> Industrial production: June index	<b>6</b> Foreign trade results in June	<b>6</b> Balance of payments in June	<b>6</b> Flash estimate of payroll employment Q2- 2021	<b>13</b> Consumer prices July index (final)	<b>13</b> Net International reserves in July
<b>18</b> Inflation (HICP): July index	<b>26</b> Monthly business survey (goods-producing industries) in August	<b>27</b> Consumer confidence survey: August survey	<b>31</b> Industrial producer and import price: July indices	<b>31</b> Consumer prices: August index (flash)	<b>31</b> Quarterly national accounts: final results Q2 -2021

SEPTEMBER 2021 

<b>6</b> Industrial producer and import price: July indices	<b>8</b> Payroll employment: Q2- 2021	<b>8</b> Balance of payments in July 2021	<b>10</b> Industrial production: July index	<b>15</b> Consumer prices: August index (final)	<b>17</b> Inflation (HICP): August index
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Sources: Insee, Eurostat

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